



General Assembly

February Session, 2008

Raised Bill No. 5446

LCO No. 1511

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Referred to Committee on Public Health

Introduced by:
(PH)

***AN ACT CONCERNING STANDARDS IN CONTRACTS BETWEEN
HEALTH INSURERS AND PHYSICIANS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2008*) (a) As used in this
2 section: (1) "Contracting health organization" means (A) a managed
3 care organization, as defined in section 38a-478 of the general statutes,
4 or (B) a preferred provider network, as defined in section 38a-479aa of
5 the 2008 supplement to the general statutes; and (2) "physician" means
6 a physician, surgeon, chiropractor, podiatrist, psychologist or
7 optometrist.

8 (b) Each contract for services to be provided to residents of this state
9 entered into, renewed, amended or modified on or after October 1,
10 2008, between a contracting health organization and a physician shall
11 include: (1) An explanation of the physician payment methodology,
12 the time periods for physician payments and the information to be
13 relied on to calculate payments and adjustments; (2) a requirement that
14 the contracting health organization provide each participating
15 physician prior to the effective date of the contract a copy of the fee
16 schedule that determines the physician's reimbursement and an

17 explanation of the methodologies used to establish the fee schedule; (3)
18 a prohibition against changing the fee schedule during the contract
19 period; (4) a prohibition against changing nonfee related aspects of the
20 contract without the written approval of the physician; (5) a definition
21 of "medical necessity" developed by the contracting health
22 organization based upon generally accepted standards of medical
23 practice; and (6) an independent external review process to resolve
24 disputes concerning physician payments and other contract disputes.

25 Sec. 2. (NEW) (*Effective October 1, 2009*) Each contracting health
26 organization shall annually contract with a person, firm or corporation
27 for a compliance audit of the contracting health organization's
28 activities during the preceding twelve-month period. The audit shall
29 determine whether the contracting health organization complied with
30 the provisions of section 1 of this act. The contracting health
31 organization shall submit the audit report to the Insurance
32 Department.

33 Sec. 3. (*Effective from passage*) (a) There is established a task force to
34 study contracts between contracting health organizations, as defined in
35 section 1 of this act, and physicians, as defined in section 1 of this act.
36 The task force shall study such contracts to determine whether
37 legislation should be enacted to address contracts that allow the
38 organizations to (1) make unilateral changes in such contracts, or (2)
39 reduce the level of service coded on a claim submitted by a physician
40 without conducting a reasonable investigation based on all available
41 medical records pertaining to the claim.

42 (b) The task force shall consist of the following members:

43 (1) Two appointed by the speaker of the House of Representatives;

44 (2) Two appointed by the president pro tempore of the Senate;

45 (3) One appointed by the majority leader of the House of
46 Representatives;

- 47 (4) One appointed by the majority leader of the Senate;
- 48 (5) One appointed by the minority leader of the House of
49 Representatives;
- 50 (6) One appointed by the minority leader of the Senate;
- 51 (7) The Insurance Commissioner, or the commissioner's designee;
52 and
- 53 (8) The chairpersons and ranking members of the joint standing
54 committee of the General Assembly having cognizance of matters
55 relating to insurance.
- 56 (c) Any member of the task force appointed under subdivision (1) to
57 (6), inclusive, of subsection (b) of this section may be a member of the
58 General Assembly.
- 59 (d) All appointments to the task force shall be made no later than
60 thirty days after the effective date of this section. Any vacancy shall be
61 filled by the appointing authority.
- 62 (e) The speaker of the House of Representatives and the president
63 pro tempore of the Senate shall select the chairpersons of the task force
64 from among the members of the task force. Such chairpersons shall
65 schedule the first meeting of the task force which shall be held no later
66 than sixty days after the effective date of this section.
- 67 (f) The administrative staff of the joint standing committee of the
68 General Assembly having cognizance of matters relating to insurance
69 shall serve as administrative staff of the task force.
- 70 (g) Not later than January 1, 2009, the task force shall submit a
71 report on its findings and recommendations to the joint standing
72 committee of the General Assembly having cognizance of matters
73 relating to insurance, in accordance with the provisions of section 11-
74 4a of the general statutes. The task force shall terminate on the date

75 that it submits such report or January 1, 2009, whichever is later.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008</i>	New section
Sec. 2	<i>October 1, 2009</i>	New section
Sec. 3	<i>from passage</i>	New section

Statement of Purpose:

To establish standards for contracts between health insurers and physicians and to establish a task force to study contracts between contracting health organizations and physicians to determine if legislation is needed to address contracts that allow changes (1) unilaterally, or (2) to provider billed service codes without a reasonable investigation based on all available claim-related medical records.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]